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FISCAL IMPACT STATEMENT

LS 7168
BILL NUMBER: SB 206

NOTE PREPARED: Apr 3, 2007
BILL AMENDED: Apr 3, 2007

SUBJECT: Pollution Control Expenses for Energy Facilities.

FIRST AUTHOR: Sen. Gard
FIRST SPONSOR: Rep. Stevenson

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill amends the definition of "clean coal technology" in various statutes. The bill defines the term as a technology used at an electric or a steam generating facility to reduce carbon, sulfur, mercury, or nitrogen based pollutants or particulate matter emissions that are regulated, or reasonably anticipated by the Utility Regulatory Commission (IURC) to be regulated, by the federal government, the state, or a political subdivision of the state. (The current definition includes only technologies that reduce sulfur or nitrogen emissions.) The bill requires the IURC, upon the request of the county executives of three or more counties that are located in an electric utility's service area, to study the feasibility of establishing a regional public power authority to: (1) acquire the assets of an electric utility providing retail electric service on April 1, 2007, in specified counties in Indiana; (2) own and operate the assets acquired; and (3) act as a nonprofit utility to provide retail electric service to customers within the participating units. The bill also requires the commission to report its findings not later than December 31, 2007, to: (1) the Regulatory Flexibility Committee; (2) the Legislative Council; and (3) the county executive of each county in the electric utility's service area on April 1, 2007. The bill authorizes the Regulatory Flexibility Committee to recommend any legislation necessary to establish a regional public power authority in Indiana. The bill also makes technical corrections.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) This bill will cause an indeterminable increase in administrative costs of the IURC. The bill requires the IURC to study the feasibility of establishing a regional public power authority. The bill requires this study to then be reported to: (1) the Regulatory Flexibility Committee; (2) the Legislative Council; and (3) the county executive of each county in the electric utility's service area on April 1, 2007. Also, by changing the definition of "clean coal technology" to include more emissions, the bill could potentially be requiring the IURC to develop procedures to allow cost recovery for more utilities that incorporate these technologies for emission reduction into their facilities.

To the extent that changing the definition of clean coal technologies causes an increase in the use of rate recovery mechanisms for use of these technologies utility rates could increase. Therefore all agencies would be impacted.

Background on IURC Funding: The operating budgets of the IURC and OUCC are funded by regulated utilities operating in Indiana. The IURC determines the rate at which to bill the utilities based on the two agencies' budgets, less reversions, divided by the total amount of gross intra-state operating revenue received by the regulated utilities for the previous fiscal year. Based on this formula, utilities are currently billed approximately 0.15% of their gross intra-state operating revenues to fund the IURC and OUCC. In FY 2006, fees from the utilities and fines generated approximately $11.8 M.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) All local agencies would also be impacted by an increase in utility rates.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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